

The Dodd Case

The Fund-Raising Furor Spotlights Problems Many in Congress Face

Income Often Fails to Cover Expenses; but Gifts Raise Tricky Legal, Moral Issues

Profitable Birthday Parties

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WASHINGTON — Thomas J. Dodd, long-time campaigner against crime, subversion and juvenile delinquency, is quite unintentionally turning the spotlight now on the delicate legal and moral questions involved in financing a Congressional career.

The stocky, white-haired Democratic Senator from Connecticut is accused of diverting to personal use, and evading income taxes on, part of the proceeds from three testimonial dinners held in Connecticut since 1961; it was widely assumed by guests that the purpose was to raise political funds. A fourth, hitherto unpublicized fund-raising reception was held for him here in Washington. All told, the four affairs yielded around \$200,000.

Soon the Internal Revenue Service will demand an accounting. And within a month the six-member Senate Ethics Committee will begin hearings to publicize the facts and weigh the disputed charges. Ultimately the committee will examine this larger issue: Is it proper for a politician to accept cash contributions when he isn't a declared, active candidate for office?

A few lawmakers unhesitatingly shout "no." Says New Jersey's Republican Sen. Case: "I feel strongly that both the giving and the receiving of such contributions are thoroughly bad public policy." GOP Sen. Young of North Dakota agrees. "I'm satisfied with what the people are paying me. They never begged me to take this job. I asked for it."

The Majority View

But a majority of legislators regard contributions made outside regular campaign fund-raising channels as perfectly proper, always assuming that the recipient doesn't mortgage his independence to the givers. What's more, many of them are unabashedly accepting such help to meet various political expenses.

No less a political luminary than Senate GOP Leader Dirksen of Illinois maintains a fund in a special bank account from which he draws \$10,000 to \$12,000 a year to pay for radio and television broadcasts, ads in various journals and other "exposure"-generating expenses. The generous donors, he explains, give "from the heart," knowing that a politician is always campaigning, 365 days a year; Mrs. Dirksen keeps the special fund's books.

Dozens of others allow wealthy supporters to set up office funds or let lobbyists for business and labor sponsor testimonials, anniversary celebrations, birthday parties and other occasions or excuses for fund-raising not necessarily related to campaign needs—namely, office, entertainment and travel expenses.

In recent weeks, Chairman Morgan of the House Foreign Affairs Committee, a Pennsylvania Democrat, benefited from a \$100-a-plate dinner; Democratic Rep. Blatnik of Minnesota from a \$25 silver anniversary "salute"; Democratic Rep. Glaimo of Connecticut from a testimonial that netted \$35,000; Democratic Rep. Udall of Arizona from a Tucson dinner that yielded slightly less. In each case, the recipient says he will spend the money for political purposes. But some other affairs seem less related to political costs. Friends of Harlem's Democratic Rep. Powell tossed a party to help him pay a \$40,000 libel judgment incurred when he hurled the epithet "bag-woman" at an innocent New Yorker.

Prime Targets

The standard testimonial fete isn't necessarily a spontaneous outpouring of well-wishers. People for whom a Congressman has performed services tend to become prime targets for invitations. "I've had the bite put on me three times this month already," one Capitol Hill lobbyist grumbles, "but I can't afford not to show up."

The varieties of opinion about political gifts illustrate the Ethics Committee's tricky task and help illuminate the shadowy world of Congressional finances. In that world, regardless of the dictates of morality, it appears that each member is generally legally free to raise and spend money for political purposes as he wishes. There are few guidelines this side of bribery. For that reason, some Senators on the Ethics Committee hesitate to approve or condemn Sen. Dodd's fund-raising.

One of these, Democratic Sen. McCarthy of Minnesota, regrets that the committee didn't have time to develop standards before the Dodd case erupted (it took a year to find six Senators willing to serve). "We shouldn't presume to judge a man against standards that haven't been defined," he remarks. "If we're going to judge Dodd we've got to judge the system, too."

Anonymous Contributors

Sometimes the "system" works in weird ways. On the fund-raising side, it sanctions sidestepping the intent of laws governing disclosure of campaign contributions, particularly the provision requiring every candidate for Federal office to itemize contributions to him "or to any person with his knowledge or consent."

Thus, without wrenching current interpretations of the law, Democratic Sen. Edward Kennedy of Massachusetts could affirm to the secretary of the Senate that not one cent was collected or spent for his well-financed campaign against Republican George Lodge in 1962 or for his re-election campaign two years later.

Like many other candidates, Sen. Ted Kennedy assumed that he didn't know who was raising campaign cash for him. Dozens more Congressmen, fearing to drive off contributors who prefer anonymity, similarly thwart the law's intent.

Occasional oddities of timing are also part of the fund-raising system. Friends of Harold Cooley, the North Carolina Democrat who heads the House Agriculture Committee, chose

July 26, 1965, to raise \$35,000 for his re-election campaign this fall. Sponsors of the event have no immediate explanation for the unusually early fund-raising date. But sugar lobbyists who were solicited to buy \$50 tickets suspect a reason: On Aug. 18, 1965, Mr. Cooley's committee began hearings on the always controversial bill allocating sugar import quotas; there won't be a sugar bill this year.

Some Congressmen jumped off to an even earlier start for the 1966 campaign. Louisiana's Democratic Rep. Morrison scheduled a testimonial dinner for April 30, 1965, three months ahead of Mr. Cooley. The Louisianan says he doesn't know how much was raised at the \$100-a-plate dinner in Baton Rouge ("In our state we don't keep records") and he thinks it best not to tell where the money is stashed. "I'm not going to tell my opponents what I've got or where I got it," he explains.

On the spending side, the system leaves conveniently (some say necessarily) indistinct the boundaries between campaign expenditures, personal expenses and the reimbursed costs of running a Congressional office.

In an election year, an incumbent's office or committee staff may spend full-time back home on political chores while drawing pay from the U.S. Treasury. The cost of a reception for visiting bigwigs from home can come from a Senator's unused stationery allowance or from a special campaign fund or from the Congressman's personal purse.

Dodd's Defense

Sen. Dodd will rely on these fuzzy distinctions to prepare his defense. He will contend that the proceeds from testimonial dinners that weren't clearly billed as campaign fund-raisers qualify as tax-free gift income that he could have used for any purpose. But he will try to prove that he actually spent the money to repay campaign debts, some dating back to 1956, and to defray political expenses averaging about \$20,000 annually. If any political funds were spent for personal purposes, he will argue, then it's equally true that personal funds went for political purposes.

In a libel suit filed last week against his original accusers, columnists Drew Pearson and Jack Anderson, the Senator said his tax returns fully reflected taxable income. No campaign funds were diverted to personal use, he insisted, and no services were ever rendered in exchange for gifts. A "Persian rug" supposedly received from Julius Klein, registered U.S. agent for West German business interests, actually was a 9-by-14-inch imitation worth \$2, according to the court documents. And a "whopping" \$50,000 payment said to have come from the Teamsters Union was court-approved legal fee earned by Mr. Dodd before he came to the Senate for representing dissident Teamster locals.

Some side-effects of Sen. Dodd's troubles are already apparent. President Johnson, perhaps skittish about lending his prestige to such affairs, passed up an expected appearance at a recent garden party here celebrating the 25th wedding anniversary of Democratic Sen. and Mrs. McIntyre of New Hampshire; celebrators paid \$100 each to help the Senator defray office expenses. North Dakota's Mr. Young, among others, is reassuring constituents that "appreciation" dinners held for him back home weren't intended for his benefit but to fill local GOP coffers.

A Sympathetic Hearing

Even before his current troubles arose, Sen.

Dodd was a lone-wolf member of a body that cherishes clubbiness. (Once, an after-dark duel on the Senate floor between Mr. Dodd and Arkansas' Democratic Sen. Fulbright got so heated that some of the language was expunged from the Congressional Record.) Nonetheless, with their own finances in mind, many members will listen sympathetically to Sen. Dodd's explanation that the mounting costs of political life required him to rely on testimonial gifts.

Senate Democratic Whip Russell Long of Louisiana has estimated his "unreimbursed costs of being a Senator" at nearly as much as his \$30,000 annual Congressional salary. On one tax return, Sen. Long claimed deductions totaling \$28,078 for office expenses back home in Louisiana, plus outlays for television costs, photographs, entertainment, dues to professional organizations, office petty cash, a clipping service "so I could see what a low rating I've been getting in the newspapers" and similar costs not covered by regular Congressional allowances. Unlike many lawmakers, Mr. Long has a substantial outside income from which to pay such expenses.

Making Money on the Side

Other examples abound. Democratic Sen. Douglas of Illinois kept track of his "extra" expenses in 1964; they totaled \$10,175. Lecture fees and book royalties helped him foot these bills. New Jersey's Democratic Sen. Williams spent \$7,245 of his own money one year "in connection with the performance of official duties." He can count partly on outside income from his law practice.

The costs of political life apart from direct campaign expenses are often cited as justification for permitting Congressmen to keep up business associations, practice law or lend the use of their names to help law firms attract clients. Speech-making to trade associations ("Naturally you tell 'em what they want to hear," one Senator says) and article-writing (generally by the Congressman's ghost) also yield extra income.

These taxable supplements to Congressional salaries are rarely questioned. But political gifts raise more doubts, and the Dodd affair, no matter how it turns out, is likely to increase these doubts. Rigorous moralists like Delaware's Republican Sen. Williams can't quite believe that people who give money to a politician expect nothing in return.

Democratic Sen. Hart of Michigan stubbed his toe a while back when he publicly called for contributions from constituents to help defray unreimbursed expenses. The Senator's intentions were honorable. He named a committee to handle the money and placed a \$100 limit on each contribution; names of donors and figures on committee-approved expenditures were made public. But his attempt to elevate gift-giving to respectability backfired. "He caught so much flak that he quit," an aide says. "Now he digs into his own pocket."

Tax Cases Raise Suspicion

This experience helps explain why the reasons for testimonial celebrations are generally kept deliberately vague, the feeling apparently being that the public is willing to help foot campaign bills but balks at contributing money to be used for a politician's other expenses. Several widely publicized trials of political figures for income tax evasion haven't helped dispel suspicions about the uses to which politicians sometimes put gifts. "Obviously a lot of people think we keep the dough," a Southern Congressman says.

Actually, politicians or any other lucky beneficiaries of testimonial affairs are free to do just that. Moreover, tax rules say the income is tax-free if the celebrators intended "to provide a gift out of respect, in appreciation of public service, or similar non-political motives." (The donor, of course, must pay a Federal gift tax on any amount over \$3,000 given to any individual in one year.) Campaign contributions and other politically motivated gifts are taxable income, however, if diverted to the recipient's personal use.

So far, no Washington political figure sufficiently powerful or respected to rate a testimonial has come forth to contend that the proceeds were his to keep. At the state level, though, gift-giving to politicians for their personal benefit is not unknown.

One such fortunate fellow is Massachusetts State Sen. Philip Graham, a respected Republican legislator who, ironically, helped push to passage a state law prohibiting testimonial fund-raising for appointed officials in 1962. Last fall, 2,500 admirers paid \$25 each at a dinner to honor Mr. Graham; the event yielded \$20,000. "It was," according to Julian F. Begien, Jr., dinner chairman, "a genuine outpouring of friendship because people knew Sen. Graham was ill and needed the money."

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